FOREIGN AGRICULTURE

U.S. Apples Gain as European Output Lags

Soy Protein Foods

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This week's cover:

French women pack apples for shipment to export markets. Reduced crops in France, as well as other European producers, have slowed European apple exports somewhat, allowing U.S. apple shipments to stage their best performance in six seasons. See article beginning on this page.

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European Apple Growth Falters—U.S. Exports Make Gains

By GILBERT E. SINDELAR
Fruit and Vegetable Division
Foreign Agricultural Service

WITH HERETOFORE burdensome European production reduced, U.S. apple shipments this past marketing year (July-June 1972-73) were able to stage their best performance in six seasons. Moreover, prices as well as volume climbed sharply as improvement came in a world surplus situation that began with a European production boom in the mid-1960's.

While 1973-74 should also be reasonably favorable, with European crops only moderately above those of a year ago, a roadblock to future U.S. gains lies in that prolific apple producer—France.

Burgeoning French production and trade of the recent past not only eroded U.S. market shares but also damaged those of fellow EC members and created price and disposal problems at home. These problems eventually slowed French production, but, ironically, it could again be encouraged by the favorable market conditions and higher prices that suddenly developed.

Meanwhile, U.S. apple exporters know that they are vulnerable to the French in all markets—including nearby Latin America—and that the next export surge from that country will benefit from official EC export subsidies.

Last season, the United States shipped 3.6 million bushels of apples abroad—the best results since 1966-67 and a sharp turnaround from the highly competitive situation that existed in the intervening years.

Much of the expansion can be attributed to the favorable market in Western Europe, which had a modest 1972 production following a seige of bumper crops. The decline was particularly striking in the European Community, where production fell 13 percent from the year earlier and nearly a fourth from the record 1969 crop. Production in West Germany—the most important apple importer on the Continent—fell 37 percent last year from the 1971 level, to total less than half the abnormally large crop of 1969. And production in the other top U.S. market—the United Kingdom—was about a fifth smaller than 1971's crop and the shortest in 4 years.

The news in the early winter that the apple crop in Argentina was critically short injected still another bullish tone to the market.

These concurrent developments caused prices to improve appreciably. In Italy, grower prices were reported as the best in 10 years, with growers averaging about 30 percent more in the first half of 1972 than in the same period of 1971. And French producers received about one-fourth more than they had in 1971.

For 1973, the generally favorable market situation should continue, according to crop tallies from 10 major West European producers—France, Italy, the Netherlands, West Germany, the United Kingdom, Sweden, Norway, Austria, Spain, and Yugoslavia.

Total 1973 production for these countries combined is about 7 percent above the 1972 level but 4 percent under the 1968-71 average. Of these, only one—Spain—shows a crop above the 1968-71 average. It is not, however, much of a factor in the European export picture.

Production in the remaining eight countries is moderately to significantly below average.

Exporting countries. The combined crops in France, Italy, and the Netherlands—the top European exporters—are up only 1 percent from last year and are some 4.5 percent below average. Only France expects a larger crop—pegged some 5 percent above last year's but 2.5 percent below the 1968-71 average. Italy's crop is roughly 2 percent under 1972's and 5 percent below average. The Dutch crop is about the same as last year's but 10 percent below average.

Importing countries. Both West Germany and the United Kingdom have recovered dramatically from their short crops of last year, but not enough to

bring them back up to average. In West Germany—the top export market for both France and Italy—the crop is 38 percent above last year's but still 13 percent below average. In the United Kingdom—now France's second largest market—it is up 16 percent from 1972 while still 4 percent off the average.

Key markets in Scandinavia report markedly poorer crops than last year. In Sweden—historically one of the better U.S. markets in Europe—the home production is now estimated at 6 percent less than 1972's and 12 percent below average. In Norway, the crop is currently pegged at 15 percent below 1972's and 22 percent below average.

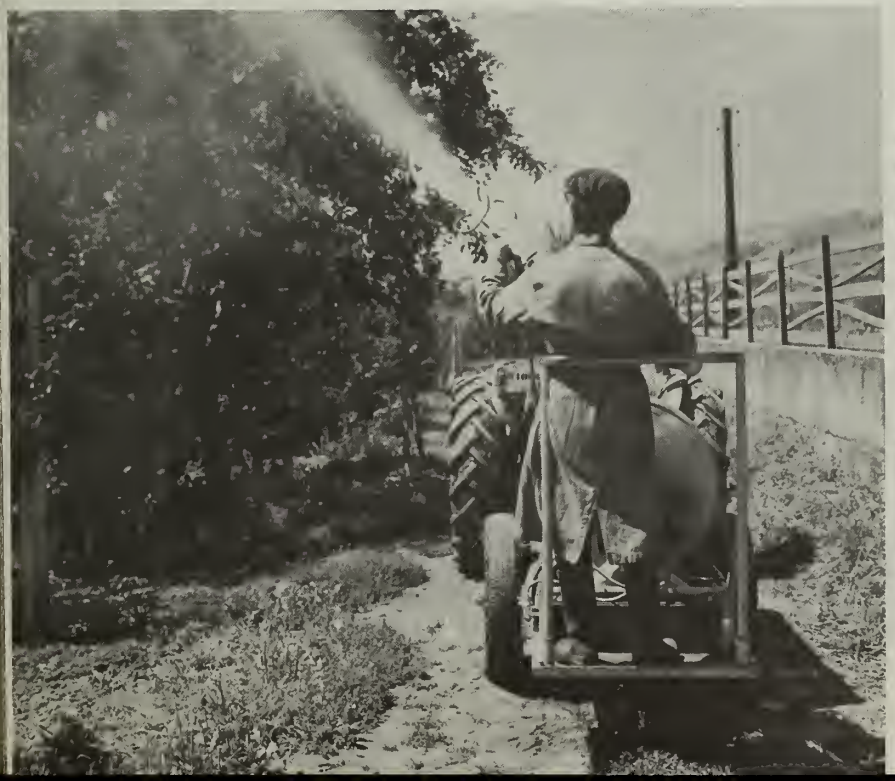
Two clouds on this still reasonably bright horizon are the British and French situations, which in themselves are closely related.

In the United Kingdom sharp trade changes have already begun as a result of that country's joining the EC. During the first 10 months of last season—July 1972 through April 1973—British imports from France had soared to 4.7 million equivalent cartons, for a 58-percent jump from the previous year and a total that alone is almost a third larger than all U.S. apple exports last season.

Prior to 1973, imports into the United Kingdom had been subject to a global quota for the nonsterling areas. The United States managed to do quite well under that system until the late 1960's, when it succumbed to the competitive thrust of French apples into the U.K. market. And its position was further weakened with imposition on February 1, 1973, of a compensatory levy system, intended to gradually aline British prices with those of other EC members (see *Foreign Agriculture*, April 2, 1973).

France, on the other hand, poses the possibility of still stiffer competition for U.S. exporters should its production resume the upward trend of the recent past. Producer satisfaction with prices last season, plus the French belief that total European production will decline further in coming years, indicate that this could well happen—despite unpleasant experiences resulting from past surpluses and depressed prices.

Looking back, France has been the single most important factor behind deterioration of the U.S. export position in once-lucrative markets of Western Europe, as well as in Latin America—



A dramatic upsurge in European apple production began in 1965 as heavy plantings of a few years earlier began to bear fruit. Top, Swiss producer collects apple crates. Left, French orchard, scene of bumper production, gets insecticide spraying. Below, apple vendor in London suburb. United Kingdom is a top U.S. and French market.

particularly Brazil and Venezuela. Moreover, it also has hurt fellow EC exporters like Italy and other third country exporters like Canada and Australia.

Many of the problems stem back to the mid-1960's—and 1965 in particular —with their dramatic upsurge in apple production on the Continent of Europe.

Prior to 1965, the United States, Canada, Argentina, South Africa, and a host of other suppliers around the world looked to Western Europe as a key market area. Although U.S. exports seldom were able to exceed over 5 percent of the total crop, exports nonetheless at times injected a healthy tone into the market, especially in those areas traditionally involved in exporting.

However, in 1965 a dramatic upsurge began in apple production in Europe, as heavy plantings of the late 1950's and early 1960's suddenly began to bear an enormous volume of fruit. Although the expansion was evident throughout Europe, the explosion was centered in France.

Almost overnight, France became a net exporter of apples, and, as the margin widened, French apples began to invade markets in all directions. During the late 1950's, the French dessert apple crop averaged about 20 million bushels. By 1970, its crop was pegged at 97 million bushels—an almost fivefold gain. This rampant growth allowed France by 1971-72 to export a whopping 26 million bushels of apples—about 27 percent of its crop.

Because of its central location, France first concentrated on markets within the European Community. It bombarded the major market centers in Belgium and the Netherlands to the almost helpless dismay of Belgian and Dutch growers.

Even more drastic was the removal of Italy from its longstanding position as the top European apple supplier. In West Germany, Italy's share of the market was reduced from the 83 percent of 1972 to 33 percent a decade later while the French share skyrocketed from 1 percent to over half. Even in France itself, Italy had once enjoyed a handsome market, totaling in 1964-65, some 4 million bushels. Seven seasons later, Italian sales in France had plunged 60 percent.

But French penetration of the export market extended far beyond the European Community. France invaded the second largest apple importing market in the world—the United Kingdom—as well as some key U.S. markets in northern Europe, particularly in Scandinavia. And finally, French apples spilled over into two markets in Latin America —Venezuela and Brazil.

The effect of all this on U.S. trade has been dramatic. In the early 1960's, when France was still an insignificant factor in world trade, the United States exported on the average close to 4.5 million boxes of apples to all destinations. Between 55 and 62 percent of this moved to Western Europe. The United Kingdom took 1-2 million boxes annually, and the Scandinavian countries took at least 750,000.

Beginning shortly after the turn of the mid-1960's, U.S. exports made an almost complete turnaround. Instead of the earlier average of 1.5 million boxes the United States in the four most recent seasons has moved some 250,000 annually to the United Kingdom. And sales to Scandinavia have averaged only 231,000 boxes.

In terms of market share, the impact has been equally great. In Sweden, the United States held 36 percent of the fall-winter import market in 1972-73. By 1971-72, that share had dwindled to 6 percent. France, on the other hand, increased its share during the same period from 0.4 percent to 26 percent.

In Finland the U.S. share stood at 37 percent in 1962. Ten years later it had fallen to 3 percent. France's share during that period rose from 0.1 percent to 42 percent.

In the United Kingdom, the United States and Canada combined had a commanding hold on the fall-winter market, with 56 percent in 1962 (U.S. 25 percent and Canada 31 percent). Ten years later, these shares had fallen to 5 and 4 percent, respectively. In comparison, France held a mere 3 percent of the U.K. import market in 1962; by 1971-72, it had increased its share to an astounding 67 percent, and in the first 10 months of 1972-73, it had risen to 70 percent.

In Latin America, the situation is similar, although of much more recent vintage.

In 1966-67, the United States shipped 117,000 boxes of apples to Brazil. During that same season, France sold none. Five seasons later—1971-72—France shipped 538,000 boxes to Brazil, and the United States sold none.

In Venezuela, the United States had a market for close to a half million boxes in 1966-67. Five seasons later it stood at only 93,000 boxes. During the same period, French sales rose from a mere 3,000 boxes to 389,000.

Although the volume is still relatively small, a number of other Latin American countries have shown up in recent years as recipients of French apples. These include Panama, Costa Rica, Ecuador, and Nicaragua. Aiding marketing efforts was France's close proximity to the major continental markets, which gave it a natural advantage from the standpoint of transport costs: 25 to 35 cents per box for crossing the English channel contrasted with $1.35 per carton or better from the U.S. east coast.

In addition to this natural freight advantage, the French used consignment selling, guaranteed advances, and other devices to attract nearby buyers.

Elsewhere, France found it had a transportation advantage even in Latin America. Shipping to Caracas, Venezuela, a few years back, for instance, cost around 95 cents to $1.00 per carton, compared with U.S. conference rates of $1.94 to $2.15. Although Venezuelan importers have voiced a quality preference for U.S. apples, the difference in prices between U.S. and French apples has frequently been too great to swing trade in the U.S. favor.

A final blow came in the late fall of last year, when the EC openly announced that, effective November 28, 1972, an export subsidy would be applicable to the Member States' exports to three Latin American destinations: Brazil, Venezuela, and Peru. At the current rates of exchange, the subsidy amounts to about 75 cents per 42-pound carton.

Setting the scene for these aggressive marketing efforts by France were pressures on the home front that dictated the urgent need for developing foreign markets if the domestic apple industry was to survive.

Within the European Community, it also had become clear by the second half of the 1960's that persistent surpluses of increasing magnitude were in the making. Extremely low and even negative returns to growers were common, with an increasing number of growers becoming marginal operators.

To alleviate the surplus potential, the EC Council of Ministers adopted two important measures—one to deal with current surpluses and the other to

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Belgium Ranks High Among World Markets For U.S. Farm Exports

By ALFRED R. PERSI
Assistant U.S. Agricultural Attaché
Brussels

U.S. farm exports to Belgium this year are inching back up toward the 1971 level when Belgium—plus Luxembourg[1]—was the eighth best commercial world market for these products.

Belgium, which ranks near the top in the European Community (EC) for per capita imports of agricultural products, bought some $191 million of U.S. farm commodities in 1971. Then primarily because of strengthened intra-EC trade and EC trade barriers, as well as the Community's increasing grain production, the total dropped to $132 million in 1972. Principal U.S. exports are soybeans and soybean meal, corn, animals and animal products, tobacco, wheat, and soybeans.

While Belgium does not produce enough cereals and fruit to meet all its needs, it is usually self-sufficient or a surplus producer of meat, poultry, dairy products, sugar, potatoes, and some vegetables. In 1972, nearly 70 percent of total agricultural sales were derived from the sale of livestock and dairy products—dairy 15.4 percent, beef 16.3 percent, and pork 22.7 percent.

Primarily an industrial country, Belgium is largely dependent on imports of raw materials and exports of finished products for its well-being. During 1971, agriculture, forestry, and fishing supplied 3.7 percent of the gross national product, about the same proportion as for the United States. Based on the net value of agricultural production and excluding farms not producing for sale, the average net return per farm in 1970 was about $3,600 and using an average of 1.8 units of labor per farm, the net per unit of labor was about $2,000.

Despite the relatively low percentage of the population engaged in agriculture, the very serious problems of small farms and fragmentation of holding remain. In 1959, each farm averaged about five separate plots, however, a few communes now have plans for unifying fields and farms and some improvement is occurring as farmers retire or leave farming for industrial employment elsewhere.

Of the total land area in Belgium, over half is used for agricultural purposes—46 percent in crops, 51 percent in hay and pastures, and 3 percent in horticultural crops. Compared with the prewar period (1936-38), the total agricultural area has declined 16.5 percent —crop area has declined 28 percent, and the area planted to horticultural crops is down 64 percent.

During this period, however, some very significant changes have occurred in the patterns of production. For example, the area and production of wheat and barley have increased significantly, whereas production of rye and oats has declined.

In the past 30 years, crop yields have increased sharply and for most crops yields are considerably higher than in the United States, partly due to more uniform rainfall throughout the year, but perhaps more to the relatively heavy use of fertilizers.

In the livestock sector, a marked increase in the numbers of cattle, hogs, and poultry, as well as meat production, has been quite evident since 1960. Production of hogs has been the most dramatic of the increases, jumping from about 1.5 million in 1960 to more than 4 million in 1972. Pork production has increased correspondingly—from 227,000 metric tons in 1960 to an estimated 500,000 tons in 1972.

Favorable prices and good export opportunities, mainly to West Germany and France, have been primarily responsible for this development. Nearly all of the hogs are of the meat-type and have a very impressive fat-lean ratio.

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BELGIUM-LUXEMBOURG: TOTAL AGRICULTURAL IMPORTS AND U.S. SHARE, CALENDAR 1970-72[1]
[In millions of dollars c.i.f. value]

Commodity	Total agricultural imports			Imported from United States		
	1970[2]	1971[2]	1972[3]	1970[2]	1971[2]	1972[3]
Animals and animal products[4]	403	428	609	7.4	7.8	14.7
Wheat	117	95	126	13.7	11.7	12.8
Rice	6	9	10	2.8	3.1	1.3
Corn (maize)	112	132	149	43.9	40.0	15.8
Sorghum grain	30	24	18	13.0	8.6	1.4
Other grains and preparations	120	137	166	2.2	7.9	.3
All grains and preparations	385	397	469	75.6	71.3	31.6
Soybeans	35	43	44	34.5	38.6	11.3
Soybean meal	34	35	52	15.7	20.7	21.9
Other meals, seeds, and feeds	138	151	175	11.2	7.6	11.1
All oilseeds, etc.[5]	207	229	271	61.4	66.9	44.3
Fats and oils	90	99	109	6.0	11.3	9.1
Fruits and nuts	88	105	132	5.5	5.7	7.0
Vegetables	61	64	82	.7	.6	.6
Canned fruit and vegetables	41	57	72	5.1	5.1	5.0
Other food products	170	194	215	.6	.8	.9
Tobacco	60	66	83	12.5	12.5	12.9
Cotton	44	45	47	3.9	8.4	5.1
Other nonfood products	36	35	49	.3	.2	.4
Total	1,585	1,719	2,138	179.0	190.6	131.6
				Percent	*Percent*	*Percent*
U.S. share of imports	—	—	—	11.29	11.09	6.2

[1] Foreign trade statistics for Belgium and Luxembourg are reported together. [2] For 1970 and 1971, converted from Belgian francs at 50=US$1.00. [3] For 1972, converted from Belgian francs at 44 = US$1.00. [4] Includes dairy products except NFDM in compound feeds; excludes fish, crustaceans, fishmeal, and meat and bone meals. [5] Includes oil-bearing materials, fieldseeds, hops, cereal byproducts, beet pulps, corn gluten meal, and compound feeds including milk products.

Source: Bulletin Mensuel du Commerce Extérieur, National Institute of Statistics, Belgium.

[1] Foreign trade statistics for Belgium and Luxembourg are reported together.

Canada's New Feedgrain Policy To Aid Grain, Livestock Sectors

Movements of grain, like the 16-ton truckload shown above, will be facilitated between Canada's Prairie Provinces under terms of a new feedgrain policy that will benefit both grain and livestock producers.

CANADA'S NEW NATIONAL feedgrains policy, announced on August 1, will guarantee producer prices and more nearly equalize selling prices throughout Canada, as well as lifting restrictions on feedgrain movement between the Prairie Provinces.

According to Canada's Minister of Agriculture Eugene F. Whelan, the new policy sets the stage for both grain and livestock producers to tap a larger share of export and domestic markets.

The Government announcement, which outlines new feedgrain policies for the current crop year, also contains specific proposals for developing a permanent national policy for feedgrains. The future national policy is slated to take effect on August 1, 1974, following extensive talks between the Federal Government, grains and livestock industries, and Provincial Governments.

For this crop year, the plan will reduce discrepancies between Wheat Board sales prices and off-Board prices for feedgrains. Under the plan, the Wheat Board will base its selling price on off-Board Prairie prices. Traditionally, the Canadian Wheat Board sold feedgrains for domestic use at Thunder Bay, Ontario, prices—at levels competitive with prices of U.S. corn. Thus, livestock producers buying feedgrains in eastern Canada paid Wheat Board prices that were keyed to U.S. prices, while buyers in the Prairie Provinces paid widely divergent prices, depending on the availability of supplies in individual Provinces.

By attempting to end discriminatory pricing, the new policy should encourage a boost in production of both livestock and feedgrains on a more competitive basis. The Wheat Board will work with the Livestock Feed Board, in association with the Prairie Provinces, to develop and monitor the off-Board pricing system.

Corn production in the eastern Provinces is far below output of barley and oats, produced mainly in the Prairies. Corn imports from the United States, moving northward to eastern and central Canada, reached some 22 million bushels in 1972-73—far above the 11 million bushels imported in 1971-72, but below the 30 million bushels imported several years ago.

A second major policy change during the crop year will be guaranteed prices to feedgrain producers that are equal to or above Wheat Board "initial"

prices. If a prairie grain producer delivers to the Wheat Board, he will receive the initial price, guaranteed by the Government, plus his final payment at the year's end.

Moreover, this year the Agriculture Products Board is authorized to constantly offer to buy feedgrains at or above initial Wheat Board prices. There is no limit to the amount the Agricultural Products Board will buy.

This program will be supported by a new Government purchase and storage program that allows the Agriculture Products Board to purchase and store commercially or on farms those feedgrains not purchased by the Wheat Board. At first, producer prices paid by the Products Board will be fixed midway between the Wheat Board's initial price and the expected final return. This price will guarantee against distress prices. It will vary from time to time, but never fall below initial prices.

Even with the new pricing system, Prairie farmers should prefer to sell to the Wheat Board this year, since final returns will be higher than previously and very high quotas are assured. The Wheat Board has been asked to consider higher and earlier quotas for areas of high production and small local markets.

Another immediate policy change will be the removal of all boundary restrictions on feedgrain sales in the Prairies. Until this change, off-Board feedgrains cannot be sold by a producer in one Prairie Province to a buyer in another. This restriction has distorted production, since some areas have a natural advantage for producing feedgrains, while others are more suitable for livestock.

Prairie livestock producers will now have access to all Prairie feedgrain supplies, while grain farmers will have a greater choice of buyers. Feedgrain supplies will be more stable, as will off-Board Prairie prices.

BECAUSE OF PRESENT unusually strong world demand for feedgrains and the uncertainty of supplies, the Federal Government did not feel it should introduce a program extending beyond the current year. To chart directions for a permanent feedgrains policy, however, a specific set of proposals was introduced, to be widely discussed during the coming year.

Highlights of the proposal are as follows:

- The Wheat Board will continue to control feedgrain exports and will control grain movement out of the Prairies.
- Higher cash advances to feedgrain producers, a permanent storage program, and broader and more explicit price guarantees will aid industry stability.
- Grain will continue, under the proposal, to be allowed to move freely within the Prairies.
- Feed freight assistance payments will be reduced slightly in some Provinces. Measures to ensure equity between freight rates on grains and animals will be introduced.
- The Wheat Board will continue to control sales to flour millers, maltsters, distillers, and crushers.
- Measures to increase the number of buyers for non-Board grains will be introduced.
- Grain facilities and marketing systems in eastern Canada will be improved.
- To guarantee that the benefits of free access to Prairie feedgrains would be passed on to livestock and poultry producers, the Livestock Feed Board will license and supervise feedgrain purchasers who sell to customers outside the Wheat Board area.

In other proposed actions, a Government agency will be authorized to buy and store feedgrains to break private monopolies that might arise. A national information service will supply current price and volume data to both buyers and sellers. Import controls on wheat, oats, and barley will be shifted from the Wheat Board to regulation under the Export Import Permits Act, which now has authority over all other feedgrains and feed supplements.

CANADA SETS NEW PRICES FOR WHEAT

The Canadian Government has announced new minimum price guarantees and maximum prices to be paid to producers for wheat going into domestic food use. The new policy will guarantee producers a minimum of C$3.25[1] per bushel for the next 7 years for wheat used for domestic food. Maximum prices to be paid to producers are set at C$5.00 per bushel for bread wheat and C$7.50 for Durum.

The announced objective of the program is to prevent further increases in domestic prices of bread and other cereal-based foods. Although wheat producers may now receive slightly lower returns as a result of the maximum prices, minimum price guarantees should benefit producers in the long run.

About 65 million bushels of the 1973 crop—estimated at 622 million bushels by the Canadian Government—will be affected by the new two-price system for domestic wheat.

Should world prices fall below maximums set for domestic consumption, returns to producers will decrease accordingly, but not below C$3.25 (net basis Thunder Bay) per bushel during the next 7 years. The previous minimum price to producers for domestic wheat was C$3.00 per bushel. There were no maximum prices to producers previously.

The Canadian Government also announced a flat price of C$3.25 per bushel for bread wheat milled for domestic consumption. For Durum wheat milled for consumption in Canada, a minimum price of C$3.25 per bushel and a maximum of C$5.75 per bushel have been set.

The Wheat Board has estimated the annual cost of the new price program to be in excess of C$100 million to the Canadian Federal Treasury.

This compares with Federal Treasury costs of C$64-66 million for the past 2 years of the previous program.

Producers will continue to be paid actual world market prices, less certain marketing costs, for the major portion of their output, which is exported. Minimum and maximum prices are not applicable to wheat that is exported or used for any purpose but domestic food. Current world prices for both bread and Durum wheats are above Canada's new maximum producer prices for wheat used domestically for food.

—By EDWARD F. SEEBORG, *FAS*

[1] C$1.00=US$1.002.

SOYBEANS: Feed Today, Food Tomorrow

By VERLE E. LANIER
Fats and Oils Division
Foreign Agricultural Service

THE SOYBEAN'S METEORIC rise from humble forage crop to one of the world's most sought-after farm products is taking on a new dimension, as Western consumers discover characteristics long valued in the Orient. That is, the soybean is increasingly being viewed as a food in its own right, as well as a high-protein feed ingredient.

Reflecting the soybean's changing role, U.S. firms this year have exhibited prepared soy foods in both the United Kingdom and Italy, with much favorable reaction. Canada has begun importing U.S. soy protein for use in ground beef, called "superburgers," and Sweden recently relaxed trade restrictions to allow imports of textured soy products.

In addition, a World Soy Protein Conference in Munich, Germany, this November 12-14 will acquaint trade and food control officials from the world over with new food uses of U.S. soybeans. The conference, being sponsored by the American Soybean Association, will include exhibits of soy protein products.

This rising interest in soybean food uses is part of the concern worldwide over the inability of traditional industries to meet rapidly expanding protein needs. Surging prices currently for livestock and meat products, as well as for the feeds necessary to produce them, attest to the problem and have accelerated attempts to better utilize limited resources. A logical part of this effort has been further development of the soybean—the world's most efficient and least costly source of protein.

At the same time new processing discoveries have made soybean products more and more palatable to Western consumers. Today the bean can be roasted to resemble nuts and other tra-

Mr. Lanier has just been made U.S. Agricultural Attaché, Djakarta.

The 'Many-Splendored' Soybean

Soy proteins are now available on the market in a wide and growing variety of products, including:

• **Soy flour and grits.** The first soy products to be developed, these are obtained after grinding the beans and extracting most of the oil and have a protein content of 40-60 percent. The flour is used in baked goods, baby formulas, blended foods, meat systems, gravies, sauces, and special dietetic foods. Soy grits are used mainly in the snack food industry.

• **Soy protein concentrates.** Produced from soybean flakes or flour by various washing processes that immobilize the protein and remove soluble sugars, minerals, and other products, these contain about 70 percent protein. They are used in meat systems for their emulsifying, binding, and nutritional properties and in baked goods, breakfast cereals, infant and junior foods, as well as dietary, geriatric, and hypoallergenic foods. They are also used in the manufacture of textured products.

• **Isolated soy proteins.** These involve further isolation of protein from soy flakes resulting in a product that is 90 percent protein and above. Like the concentrates, they are used in sausage and canned meats as binding agents and they also predominate in dairy-type products such as coffee whiteners, whipped toppings, frozen desserts, and cheese-like spreads and dips. Isolates are also used in the manufacture of spun soy protein products; as drying aids for meat in convenience foods and for fruits like bananas; and in confectionery items, beverages, and special products.

• **Textured soy proteins.** The final breakthrough that really established soy products as acceptable foods in their own right, these products have readily identifiable texture and structural integrity, contrasted with the powdery consistency of the earlier soy proteins. They come in two forms—extruded and spun. Another similar category are the products made from soy protein concentrates.

Extruded soy protein products are made by a special extrusion-type processing of soy flour, which produces a high-protein material with definite shape and chewable texture that will be retained on rehydration in water. Extruded soy protein products come either flavored or unflavored—with or without coloring. Sizes range from bite-size chunks to tiny bits. When dry, they are crunchy; rehydrated, they become moist and chewy, closely resembling cooked beef, chicken, and other meats. They can also simulate products like nutmeats, coconut chips, and fruit and can be used to enrich existing foods without changing the color or taste.

Spun soy protein products are produced by spinning the isolated soy protein into fibers. These are processed by combining with flavors, fats, coloring, and are formed into simulated meat items. Like the extruded products, they closely resemble cooked meat. Dry products are in small bits, chunks, or granules, while the wet products are either canned or frozen in granules, bits, chunks, slices, or loaves. Canned and frozen forms can be used as purchased.

Soy protein concentrate products are designed to be used primarily in combination with ground beef. They are also available in the dehydrated form, usually without flavor or aroma. They may, however, be colored to closely simulate cooked meat particles.

Food made from the textured soy proteins has no bones, skin, or excess fat. The protein and fat content can be controlled, and there is no shrinkage or waste. Flavor, texture, and shape can be built in as desired, and supplemental nutrients can be added to overcome dietary deficiencies. The dehydrated, canned, and frozen products have a long shelf life and are extremely convenient to use.

ditional products, while the soy protein meal can be ground into flour for use in baby formulas, cookies, gravies, sauces, and special dietary foods or further refined and spun into fibers that pass for cooked meat. And of course soybeans are still extensively used in tofu and other Far Eastern soy dishes.

Current trade estimates indicate that use of U.S. soybeans in protein products for human consumption in both domestic and foreign markets is running about 16 million bushels a year—hardly a dent in a billion-bushel crop. This amounts to only about 3 percent of total soy protein produced in the United States, compared with the 85 percent that goes into animal feeds and 13 percent into industrial uses.

However, a much brighter future is in prospect, with some experts predicting that the U.S. soy protein market might reach $2 billion by 1980, contrasted with $75 million or so today.

If achieved, this will make soybeans a truly all-around crop—a far cry from its humble beginnings in America.

Although today one of the United States most valuable farm crops—and its largest single foreign exchange earner—soybeans for many years were grown only as a forage and/or rotation crop. Their potential as a source of oil was not really appreciated until supplies from abroad were disrupted during the two world wars, and their livestock-feed possibilities did not come into the spotlight until the past few decades.

However, soybeans as a food go back much further—being used for centuries in the Far East. In the United States at the first of this century pioneering research on soybeans by George Washington Carver helped unlock many of their secrets, including a very high protein content. Soybeans contain about 38 percent crude protein, contrasted with 18 percent protein in beef or fish. And they have three times as much protein as eggs or whole wheat flour and 11 times as much as whole fresh milk. The dry bean contains about 80 percent meal and 18 to 22 percent oil, of which about 85 percent of the fatty acids are unsaturated.

But not until the middle of the past decade was serious consideration given to soybeans as food other than products like baby and hypoallergenic foods.

It took modern technology to develop soy products into desirable food items. Now, textured soy protein products used as extender or replacer of ground or diced meat and other products can provide the ultimate in convenience, nutrition, and economy. This development has opened up a whole new area for soy protein, holding forth bright possibilities for its use to extend meat supplies and in the process reduce costs.

As meat becomes more scarce, and the price goes up, consumers will look around for ways and means to offset this increase. Since the habit of including meat in every meal is a difficult one to change, the first step would be to reduce portions, then to make use of extenders. Consumers will also continue to want the pleasure, taste, and status of animal protein, which can be retained to a large degree by using soy-protein extenders.

One example of the possibilities is the growing acceptance of soy-extended ground beef, which is increasingly being seen in supermarkets at prices below those for the all-meat products.

In addition, the institutional trade already is using soy protein to a considerable degree, not only in ground beef but also in other meat dishes. The major breakthrough here was made in 1971, when the U.S. Department of Agriculture authorized use of textured vegetable protein, fortified with vitamins and minerals, in the Type A School Lunch Program and in lunch or supper of the Special Food Service Program for Children. As a result, textured soy protein can now make up as much as 30 percent of meat patties, stews, sauces, and similar meat, poultry, or fish dishes.

Also increasingly using soy-protein products are hospitals, health-care facilities, Government institutions, college and university food services, food processors, and restaurants.

Looking to the future, U.S. Agriculture Department researchers say that by 1980 vegetable proteins could account for about 8 percent of the Nation's total red meat production. And some private sources predict that as much as 20 percent of the 1980 meat supply will be imitation meats.

Ironically, the same trends that are fueling soybean's development as a food—an insatiable world demand for livestock and meat products—also contributed to its rapid rise as an animal feed ingredient. And this need has accentuated as more countries of the world move to develop modern livestock industries based on intensive feeding of balanced rations—whose protein components often come from soybeans.

Thus, to a certain extent, soy protein used as food must compete against its other side—soybean cake and meal for feed. But as soaring prices of the product and other feed ingredients push up the cost of livestock production, it becomes more practical to use soy protein for direct human consumption either as an extender or as a replacement for certain type meats.

One positive effect of all this has been to rapidly expand world production and trade in soybeans. The United States, for instance, has had 14 successive record soybean crops, and it is now the source of 90 percent of soybeans moving in world trade. Similar developments are taking place in Brazil, where soybeans have become a top export crop; Argentina; and other countries.

EC Drafts Budget for 1974

The European Community's draft budget for 1974 got its first EC Council reading September 20-21. The draft budget amounts to approximately $7.4 billion, of which $5.1 billion is to go to the Agricultural Fund, the remainder going to the Social Fund, Regional Fund, and administration.

Of the $5.1 billion, $4.6 billion is to go for such operations as price support measures and export subsidies for dairy products ($1.8 billion), grains ($1 billion), fats and oils ($0.4 billion), sugar ($0.2 billion), tobacco ($0.2 billion), pork ($0.1 billion), fruits and vegetables ($0.1 billion), and other commodities ($0.8 billion). The remaining $0.5 billion will be for structural projects.

The 1974 budget will be 12 percent higher than the 1973 budget, even taking into account the recent billion-dollar supplementary budget and the amount inserted to cover expenditures in January 1973 before the new members took on the Community's agricultural policy. The share of the Agriculture Fund in the total budget, however, has declined from 90 percent in 1971 to 80 percent in 1973 and to 75 percent in the present 1974 estimates.

The Community's direct income from levy and tariff revenue in 1974 will cover 53 percent of its budget, the remainder coming from Member State contributions. It will get all tariff income in 1975, and instead of Member State contributions will receive revenue from the value-added-tax of up to 1 percent.

Improved Processing and Growing Methods May Boost Portuguese Tomato Exports

By HARRY C. BRYAN
U.S. Agricultural Attaché
Lisbon

PORTUGUESE PROCESSED tomato exporters may be able to compete more strenuously for foreign markets in the next few years as the result of a program to upgrade tomato growing and processing.

Although the degree of change will vary from producer to producer, varieties of tomatoes grown, planting, picking, and field-handling methods, as well as some factory procedures will probably all be affected. Other results may be disappearance of some small, inefficient producers, merger of others, and firmer control by canneries on producers of raw tomatoes.

The goal of the program is to boost Portugal's exports of processed tomato products, which in 1972 were valued at $50.5 million the highest ever. Higher prices and larger quantities were responsible for the increase, which was more than double the $24.2-million export figure of 1971. Exports in 1973 promise to be even higher.

The United States, the United Kingdom, and Canada are the top markets for Portuguese tomato products. The most important item in this category is concentrated tomato paste, particularly in double and triple strengths. Export sales of this product in 1972—at $49.5 million—accounted for nearly 99 percent of the tomato exports. Portugal also exports canned tomato juice, catsup, soup, and peeled tomatoes—a product expected to increase in importance.

Several commercial producers have tested various aspects of the improvement program during the past 2 years, and buoyed by the size of the 1972 tomato concentrate pack—a record 156,000 metric tons—and the promising short-term outlook for future exports, they have decided to give the test results a large-scale application.

Results indicate, that costs can be cut and planting speeded by direct seeding of tomato seeds instead of transplanting from special seedbeds to fields. This, however, will require the use of new machinery for seedbed preparation, as well as special planting equipment.

During the past two seasons, producers have experimented with standard California machine-harvestable varieties. Although yields are slightly less than those obtained in California, fruit quality, color, disease resistance, and handling characteristics were about the same.

Many of the advantages inherent in these tomato varieties are lost unless machine picked. One major producer made extensive experimental use of a U.S.-manufactured tomato picker in 1972 and will probably use it more extensively in 1973. Several other major producers apparently plan to convert to machine pickers soon and are making changes in tomato culture methods to make this possible. Even tomato growers with little or no chance of shifting over to mechanical pickers are using the California varieties.

This is because tomato producers using hand-picking crews have found California machine-harvestable varieties enable workers to clear the fields in one sweep instead of three or four. Almost all of the tomatoes ripen at approximately the same time so it is not necessary to examine each plant for ripe fruit. If desired, plants are merely pulled, stripped of fruit, and discarded.

It will be several years—probably not until the 1975 or 1976 seasons—before mechanical tomato pickers will be used extensively in Portugal's fields. And because of their large initial cost and the expense of making other related changes in the production system for their most efficient use, machine pickers will probably be restricted to the country's largest and best financed producers.

Field handling of tomatoes after being picked is undergoing change. During previous harvests tomatoes were handpacked in field crates holding 55 pounds each and moved to the factory by wagon or truck. However, because each crate had to be handled separately, unloading delays there often lasted up to 24 hours. In more recent years, field crates were emptied into bulk handling vehicles, reducing factory waiting time.

SINCE 1971, SOME factories have revamped their unloading and handling facilities in order to take fuller advantage of bulk-handling methods. These include bulk trailers to move the fruit from field to factory, bulk unloading equipment, and bulk storage bins. In some instances water pressure is used to float the tomatoes from bulk trailers at the unloading point on into the storage or processing areas.

Portugal's processing tomatoes are grown in the central and southern parts of the country, located not too distant from Lisbon. Hot and virtually rainless during the summer, these areas have been compared with parts of California.

The country's most important tomato-growing region runs parallel with the Tagus River on both banks, beginning a short distance from Lisbon and extending about 70 miles upstream toward Santarém. Soils adjacent to the river are probably the best in Portugal, having

PORTUGAL: EXPORT OF PROCESSED PRODUCTS BY QUANTITY AND VALUE

Product	1967		1968		1969		1970		1971		1972	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Metric tons	*1,000 dollars*	*Metric tons*	*1,000 dollars*	*Metric tons*	*1,000 dollars*	*Metric tons*	*1,000 dollars*	*Metric tons*	*1,000 dollars*	*Metric tons*	*1,000 dollars*
Tomato concentrate	104,620	27,926	127,112	34,841	115,123	29,413	129,638	31,429	100,670	23,857	152,481	49,520
Tomato juice	482	68	269	43	276	47	170	31	369	72	420	69
Canned peeled tomatoes .	2,895	483	1,198	202	1,185	199	1,105	201	679	119	3,255	761
Dehydrated tomatoes	56	62	107	182	69	121	109	181	81	140	59	111
Total	108,053	28,539	128,686	35,268	116,653	29,780	131,022	31,842	101,799	24,188	156,215	50,461

been enriched by deposits laid down by centuries of floods. The flow of the river insures adequate water for irrigation.

In 1971, nearly 20,000 acres of a total acreage of some 50,000 were planted to processing tomatoes in the Tagus River region. This was considerably less than had been planted there in previous years—a reduction caused by competition for land from other crops —namely rice, corn, vegetables, and grapes.

Countrywide, the area devoted to processing tomatoes peaked at 63,825 acres in 1969. A small drop in planted area followed in 1970, with a slight increase being noted in 1971 and 1972, when prices for tomato concentrate improved. In the latter year the total was some 55,000 acres. Industry sources believe processing tomato area will stabilize at between 54,000 and 57,000 acres.

Advance export sales of tomato concentrate and market prospects determine the area planted to processing tomatoes and the size of the pack.

Average yields have generally mounted from about 11.3 metric tons per acre in 1958 to 15 tons in 1972. However, with many of the tomato areas in the 3- to 8-acre range, these relatively low outturns are understandable.

Some commercial producers on larger, more fertile, better equipped farms have reported yields of 40 tons per acre and some even more. But these are exceptional. In view of the amount of marginal land being used for tomato production, a good average yield for canner-producers would be about 20-22 tons per acre.

PORTUGAL: TOMATOES FOR PROCESSING, ACREAGE, PRODUCTION, YIELD

Year	Area	Production	Yield
		Metric	*Per*
	Acres	*tons*	*acre* [1]
1958	4,863	55,000	11.3
1959	3,546	33,250	9.4
1960	5,384	54,950	10.2
1961	7,848	75,600	9.6
1962	11,947	147,800	12.3
1963	13,096	187,500	14.3
1964	18,532	263,000	14.6
1965	24,463	413,000	16.7
1966	39,264	515,000	13.1
1967	48,679	790,000	16.3
1968	58,162	847,700	14.6
1969	63,825	826,560	12.9
1970	47,500	691,040	14.5
1971	50,317	622,342	12.4
1972 [2]	55,076	833,111	15.0

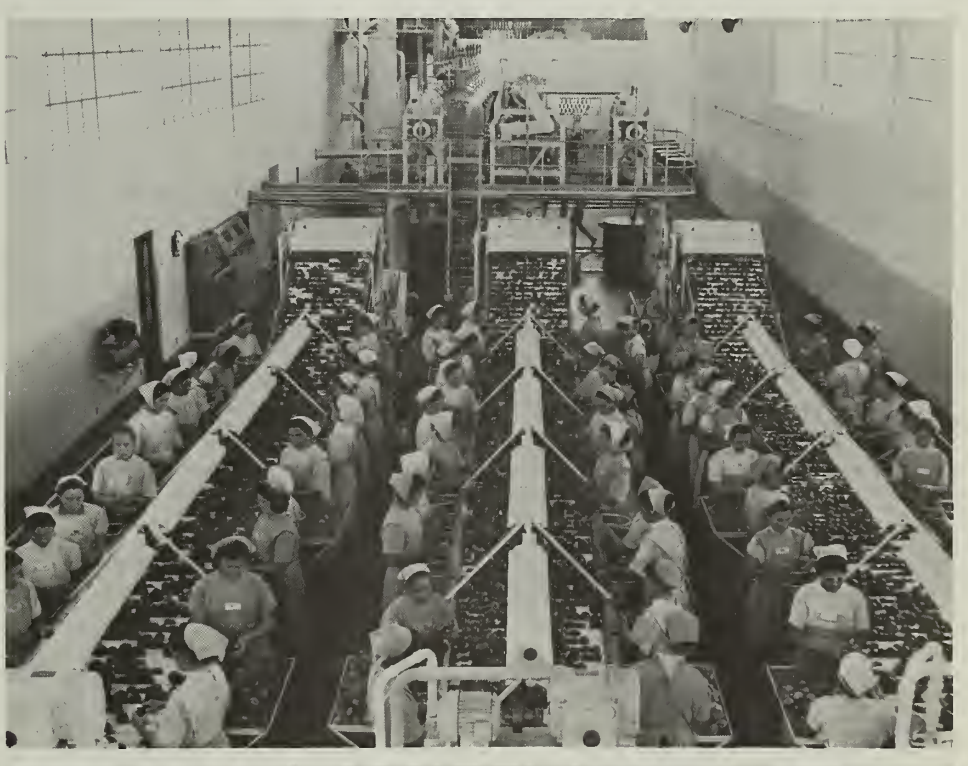
[1] In metric tons. [2] Preliminary. National Fruit Board.

The new techniques, equipment, and chemicals being used may increase canner-producer yields by 25 percent this year. Some industry sources expect their average yields may reach as much as 30 tons per acre in the next two or three seasons.

PRODUCTION by family-run units represents a large share of total annual tomato output. However, some small farmers—squeezed by rising costs, the migration of farm labor to the cities, and even the desire by some family members to work elsewhere at a "guaranteed wage"—have switched away from tomatoes to alternative crops. Still others may get out of tomato growing in the future when they realize the competition they face as a result of the improvements being undertaken by the country's large producers.

The number of commercial producers is expected to increase, however. Most of these will be under contract to canning firms that will provide assistance in modern growing techniques, perhaps seed and necessary chemicals, and firmly control most aspects of production and handling.

Tomato processors are thought to control about 30-50 percent of the area planted to tomatoes. This is expected to stay about the same for the near future, but with higher yields canner-producers will probably expand their share of annual production and could control about 60 percent of tomato production. Some



Above, a washing line at one of Portugal's modern tomato paste plants, and below, an exterior view. Concentrated tomato paste, especially in double and triple strengths, is Portugal's most important tomato-product export.

intend to expand output so as to meet their own needs for raw tomatoes.

The majority of Portugal's processing plants are in the two areas where most processing tomatoes are grown. For example, in a 60-70 mile stretch from Lisbon along the Tagus River, there are 12 plants. Another strong concentration is located in the Sorraia Valley, immediately to the south of the river. The balance are scattered elsewhere in the tomato-producing regions.

The number of packing firms in existence is generally in proportion to the acreage under cultivation. In the 1972 season there were 27 firms with 29 plants, a drop of three firms and three plants from the peak of several seasons earlier. A further reduction may take place in the immediate future as financially weak firms merge or sell out to more viable ones.

PLANTS ARE CLEAN, well lighted, and fitted with new and modern equipment. Processing machinery is predominantly of Italian manufacture, although some for specialized procedures come from other European countries. Much of the quality-control laboratory apparatus is of U.S. manufacture.

In addition to the undoubted benefits Portugal's tomato canners will receive from the new techniques being given large-scale application this year, they are also seeking to increase their incomes by diversifying operations. This would enable canners to reduce the time canneries stand idle during the year. However, only a limited number of products can be meshed into their normal production schedule. Some plants are already processing pimentos, green and pimento- or almond-stuffed olives, and some vegetables—particularly peas and beans. Canned asparagus has a good sales potential and limited quantities are now being exported.

Fruit juices are being sold on the domestic market, and trial batches of peaches have been canned. Output of canned apples, pears, peaches, and apricots is expected to increase in the future as young orchards mature.

JAPANESE POULTRY PRODUCTION AND IMPORTS FROM UNITED STATES TO RISE IN 1973

Despite the problem of increasing mixed feed costs, Japan's poultry industry is expected to have another good year in 1973, with poultry meat production reaching a record high. Even so, imports of U.S. poultry and poultry products are expected to rise.

Japan's placement of broilers in 1973 is continuing to increase, although the pace is slower than it was last year. The poultry slaughtered rate during the first 6 months of 1973 was up 10 percent, compared with an 18-percent increase in 1972. Total 1973 production of poultry meat is presently forecast at 690,000 metric tons (dressed weight), 11 percent higher than the record 1972 output of 621,000 tons.

Production of shell eggs in 1973 is forecast at 29 billion eggs, about 5 percent below the 1972 level. Layer numbers, recorded in the February 1, 1973, census, were down only slightly from a year earlier. The increasing cost of formula feeds is probably the principal depressant to increased Japanese egg output.

Imports of poultry meat are expected to reach 40,000 tons in 1973, an increase of one-fourth above 1972 purchases. The United States is an important supplier of poultry meat to Japan, especially chicken parts. In 1973, imports from the United States are expected to approximate 11,000 to 12,000 tons, an increase of more than one-third from last year.

During the first half of 1973, the United States and the People's Republic of China, with nearly equal shares, supplied three-fourths of the Japanese market for poultry meat. Imports from Bulgaria and Hungary, two of Japan's major suppliers in 1972, were down sharply. Reportedly, a Japanese trading company concluded a long-term contract with the Romanian Government to import broilers, with the volume expected to reach 5,000 tons within the next several years.

Imports of frozen liquid whole eggs and yolks appear to be relatively stable (26,760 tons in 1972), but certain egg products, such as frozen egg albumen are increasing in volume. While the U.S. share of the egg products market is not large, imports from the United States, particularly dried whole eggs, are increasing.

Chick imports in the first 6 months of 1973 were 1.25 million, compared with 1.04 million in the same period of 1972. The United States is the dominant supplier.

Although still low compared to U.S. standards, per capita consumption of poultry meat in Japan is increasing, reaching 10.4 pounds in 1972. Per capita consumption is expected to rise even higher in 1973, as total poultry meat consumption is forecast up about 10 percent. Per capita egg consumption was placed at 283 eggs in 1972, and is not likely to exceed this level in 1973.

The domestic wholesale price of broilers in Tokyo averaged the equivalent of 43.6 U.S. cents per pound during January-June 1973 period, about 6 percent higher than in the same period of 1972. Broiler prices are expected to be up more sharply during the second half of year. —By WILLIAM C. BOWSER, FAS

Spain Signs 3-Year Beef Pact With Uruguay

Uruguay has agreed to supply Spain with 20,000 metric tons of beef annually for the next 3 years. The agreement also provides for a 2-year extension. Although this supply is small, compared with the local production deficit estimated at 75,000 metric tons, it represents a guaranteed supply.

In another move to meet increasing consumer demand, the Spanish Government has issued a decree laying down its marketing regulation for livestock carcasses in 1973-74. The ruling establishes revised support and market intervention prices and introduces the application of new premiums. Government planners hope the decree will encourage livestock farmers to continue boosting meat production.

Meanwhile, Canada has reportedly suspended a sale of 2,400 feeder calves which were to have been airlifted to Spain in the latter part of August. The reason given for canceling the shipment is the Canadian embargo on cattle and hog shipments resulting from price controls in effect in the United States.

COTTON

Bolivia's Cotton Contract Cancellations Bring Legal Actions

Cook Industries of the United States and Ralli Brothers and Coney, Ltd. of Great Britain have taken legal action to overthrow a recent move by the Bolivian Government setting aside contracts for the purchase of the 1973 cotton crop. The American Cotton Shippers Association and others, who are boycotting Bolivian efforts to resell the cotton at higher prices than those in the original contracts, have supported the actions by Cook and Ralli.

Some months ago Cook and Ralli bought most of Bolivia's anticipated 1973 cotton crop at a time when market prices were far below their present high level. Subsequently, the Bolivian Government passed a decree establishing a minimum export price of 56 cents per pound and used the decree to cancel the Cook and Ralli contracts.

More recently, the Government of Guatemala has indicated it may take similar action. While Guatemala originally opposed canceling outstanding contracts, it subsequently proposed a requirement under which local cotton producers would be forced to sell cotton at 36 cents per pound to the domestic industry to cover their requirements. The growers have countered with an offer to comply with this request if Guatemala will establish a minimum export price that will cancel their existing contracts.

Mexican Cotton Crop Escapes Damage From Recent Rains

Cotton harvesting is progressing satisfactorily in Mexico's northern Sonora, Mexicali, La Paz, and Matamoros regions, and good yields have been reported by the trade. Cotton quality and production are not expected to be appreciably affected by heavy rains that covered broad areas of Mexico for several weeks in early September.

Some isolated fields in the Laguna area were badly damaged by the rains, but the nationwide effect is expected to be minor. Harvesting began in that area in late September.

Producer prices for Mexican cotton continued to move upward, reaching about 67 U.S. cents per pound for SM 1-1/16" to 1-3/32" at the end of August. Farmers who had contracted earlier at lower prices were reported to be delivering light bales weighing around 400-440 pounds. Most forward contracts between merchants and farmers specify the number of bales to be delivered but not the total weight.

The weight of the bale is usually set at 500 pounds with a tolerance of plus or minus 10 percent. However, in periods of rising prices, farmers deliver light bales and the merchant is forced to accept or reject them. If he rejects, he has no cotton to sell. On the other hand, during times of declining prices, farmers tend to deliver heavy bales.

Of more concern to cotton merchants, some farmers have refused to deliver cotton at the earlier set levels and are demanding current prices. This has caused problems for some merchants who had made export commitments against forward contracts with producers.

Iran's Cotton Crop May Set Record in 1973-74

During the 1973-74 season, Iranian cotton producers are expected to harvest a million bales of lint cotton for the first time. Production had been declining since the last record outturn of 760,000 bales produced in 1969, but turned around spectacularly during the 1972-73 season when output increased to 955,000, up 41 percent from the previous year's harvest of 675,000 bales.

Increases this year and last are particularly significant because they resulted from a substantial improvement in yields, rather than a large increase in acreage. Last season cotton acreage was up approximately 6 percent, but initial estimates for this season show no change in total planted acreage, only increases and offsetting decreases in various regional totals. Total estimated cotton area of 840,000 acres this season remains 11 percent lower than the 940,000 acres planted during the 1969 season when output was 760,000 bales.

The Iranian Government has encouraged cotton production by making available long-term, low-cost loans, discounts on fertilizers and pesticides, higher-yielding varieties, and by pushing regional irrigation projects. In addition, the weather, has so far cooperated.

GRAINS, FEEDS, PULSES, AND SEEDS

Grain Exports and Transportation Trends: Week Ending September 28

Weekly grain inspections for export and grain moving in inland transportation for the week of September 28 and the previous week were:

Item	Week ending Sept. 28	Previous week	Weekly average, August	Weekly average, fourth quarter[1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	821	976	805	755
Feedgrains	850	1,110	984	738
Soybeans	37	49	63	238
Total	1,708	2,135	1,852	1,731
Inland transportation:				
Barge shipments of grain	([2])	420	482	376
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	31,998	32,752	34,136	30,769

[1] Fiscal 1973. [2] Not available.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 9	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	6.10	−11	2.70
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.62
U.S. No. 2 Dark Northern Spring:			
14 percent	5.63	− 2	2.48
15 percent	(1)	(1)	2.59
U.S. No. 2 Hard Winter:			
12 percent	5.70	+ 1	2.48
No. 3 Hard Amber Durum	8.16	−14	2.59
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.16	−15	1.66
Argentine Plate corn	3.62	+ 8	2.05
U.S. No. 2 sorghum	3.20	−13	1.73
Argentine-Granifero sorghum	3.52	+ 4	1.74
U.S. No. 3 Feed barley	3.05	−15	1.64
Soybeans: [3]			
U.S. No. 2 Yellow	7.00	−22	3.73
EC import levies:			
Wheat [4]	[5] 0	0	1.31
Corn [6]	[5] .31	+ 4	1.16
Sorghum [6]	[5] .18	− 9	1.04

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

FATS, OILS, AND OILSEEDS

Yugoslavia Expects Record Sunflowerseed Crop

Sunflowerseed production in Yugoslavia in 1973 is expected to reach a record 440,000 tons—up 59 percent, or 163,000 tons, from the 277,000-ton output in 1972. Harvested area, at 543,000 acres, increased 29 percent over last year and yields rose to an average of 1,786 pounds per acre, compared with 1,445 pounds last year.

This year's increase in production of 163,000 tons—equivalent to about 145 million pounds of oil—is expected to reduce substantially Yugoslavia's edible oil import requirements. During October 1972-August 1973, Yugoslavia purchased 117.3 million pounds of U.S. soybean oil.

India's Peanut Meal Exports To East Europe Down in 1973

During January-June 1973, India's peanut meal exports to East European countries totaled 244,000 metric tons—30 percent below the 350,500 tons exported in the first half of 1972. Most of the decline reflected reduced movements to Poland, Czechoslovakia, Bulgaria, and East Germany, while exports to the Soviet Union, at about 96,000 tons, increased from the 74,900 tons moved in the same months of 1972.

Reportedly a new protocol agreement between India and the East European countries, is expected to be signed soon. India's new peanut meal export quotas for these countries are expected to total 625,000 tons. This will represent a sharp increase over both this year's volume and the 495,000 tons India exported to Eastern Europe in 1972.

Combined Senegalese, Nigerian Peanut Output Up 118,000 Tons

Estimates of this year's peanut crops in Senegal and Nigeria, Africa's major producers, indicate a net increase in combined commercial production of 9 percent, 118,000 metric tons, unshelled basis. A drop in Nigeria's outturn was more than offset by a gain in Senegal's.

Early reports from Nigeria forecast 1973-74 commercial purchases at 690,000 metric tons, unshelled basis, 20 percent, or 168,000 tons, below the 858,000 tons commercialized in 1972-73. Total 1973-74 peanut production in Nigeria is preliminarily estimated at 955,000 metric tons against 1.125 million tons in 1972-73.

First estimates of the 1973-74 peanut crop in Senegal indicate a commercial outturn of 680,000 metric tons, unshelled basis, 286,000 tons, or over 70 percent above the 1972-73 volume. The total Senegalese peanut crop is currently forecast at 800,000 tons against 511,000 tons in 1972-73.

Peru To Import 80,000 Tons Of Vegetable Oil in 1973-74

Peruvian officials expect to import 80,000 tons of vegetable oil in fiscal 1973-74—20,000 tons during July-December 1973 and 60,000 tons during January-June 1974. Reportedly, 12,200 tons of soybean oil were purchased in September for delivery this year and 30,000 tons for delivery in early 1974. Recently 20,000 tons of soybeans (3,540 tons, oil equivalent) were purchased for November delivery.

In the past fiscal year, Peru took 37,000 tons of U.S. soybean oil and 1.2 million bushels of U.S. soybeans.

Canada Eases Export Controls On Soybeans and Animal Feeds

The Canadian Government is easing export controls on soybeans and a range of animal feeds including meat byproducts. Export permits will be issued for these commodities for shipment through December 31.

Exports will continue to be carefully monitored to protect domestic and traditional export markets.

DAIRY AND POULTRY

EC Broiler Chick Hatchings Up in First Half of 1973

Poultry hatcheries of European Community countries have reportedly produced 821 million broiler chicks in the first half of 1973. This compares with 753 million chicks during January-June 1972, and is an increase of 9 percent.

Hatchery output by countries in parentheses, are as follows: West Germany, 94.3 (86.1); the Netherlands, 139.9 (138.1); Belgium, 43.3 (43.6); France, 182.7 (163.4); Italy, 150.9 (118.8); Denmark, 33.6 (35.9); United Kingdom, 165.1 (156.1); and Ireland, 10.9 (10.8).

Kentucky Fried Chicken Shop Opens in Kuwait

The Kuwait Food Company recently opened a Kentucky Fried Chicken shop in a suburb of the Capital City, Kuwait, following a year's cooperation between the Foreign Agricultural Service's Middle East Trade Development Officer and the food company.

The company also operates several Wimpy hamburger stands under a British franchise in Kuwait and elsewhere in the Arabian Gulf and what are known as Chicken Tika foodstands serving Indian seasoned chicken (mostly Danish) on Indian bread (chapati). It has announced plans to buy frozen chicken and shortening from the United States.

According to available information, this is the first American franchised fast-food operation using American food products in the Middle East.

SUGAR AND TROPICAL PRODUCTS

Nigeria and Ivory Coast Boost Cocoa Producer Price

Because of record high world cocoa bean prices, the Nigerian Government has announced that beginning with the 1973-74 crop year, farmers will receive the equivalent of 27.3 U.S. cents per pound for grade 1 cocoa beans. The new price represents a 31-percent increase over the 20.9 cents per pound paid farmers during the 1972-73 season.

Ivory Coast cocoa farmers will now receive a sum equivalent to 23.1 U.S. cents per pound for the 1973-74 crop, an increase of 29 percent (in terms of CFA francs) over the 15.1 cents per pound paid during the 1972-73 season.

FRUIT, NUTS, AND VEGETABLES

Ivory Coast Pineapple Crop May Set Record

Reports indicate a record 1973 Ivory Coast pineapple crop. Production for fresh consumption is estimated at 61,000 short tons, 41 percent above last year's 43,400 tons. Current cannery utilization is not available, however, 120,200 tons were processed during 1972.

Drought Reduces Turkey's Pistachio and Walnut Output

Turkey's 1973 pistachio and walnut crops are both below the levels recorded last season. Export availability is expected to be down accordingly.

Pistachio production is expected to total no more than 5,500 short tons (inshell basis), compared to 14,500 tons a year ago. The alternate-year bearing nature of this crop was reenforced by adverse growing conditions, primarily drought.

Exports during the 1972-73 season are placed at 7,200 tons (inshell basis). The leading markets were the United States and West Germany. Shipments during the forthcoming year are expected to fall, reflecting the short crop. Export prices rose sharply as the supply situation became clearer, reaching 91 U.S. cents per pound for inshell nuts in September 1973.

Walnut production was also affected adversely by the dry weather. The 1973 commercial crop is placed at 9,000 tons (inshell basis), approximately 10 percent below last year. Exports during the first 10 months of the 1972-73 season are placed at 8,470 tons (inshell basis), well above the 4,666 tons recorded in the same period in 1971-72. Export availability during the 1973-74 season may be restricted by the reduced crop and rising domestic prices. During mid-1973, shelled walnuts sold for 8.2 Turkish lire (TL) per pound, compared to 7.4 TL a year earlier (14 TL equals US $1.00). Trade sources anticipate further increases.

Recent Rains Improve Mexico's Citrus Crop

Recent rains have improved prospects for Mexico's 1973-74 citrus crop, although total production is still expected to be below last year's. The outlook for oranges in the major producing States of Nuevo Leon, Tamaulipas, and San Luis Potosí is for a 10-percent reduction in early varieties but a Valencia crop about equal to last season.

Total orange production in these three States last season was estimated at about 600,000 metric tons, compared with 529,000 tons in 1971-72. The tangerine crop is expected to be about 25 percent below the 120,500 tons produced in 1972-73, while grapefruit output is expected to approximate the 1972-73 level of 13,500 tons.

Indications are that the grapefruit crop in Veracruz, Mexico's major producing State, is slightly below last year's 18,000 tons, and is generally maturing later than normal.

Growers were reportedly asking about US$120 per metric ton on the tree in late August, with the first shipments to the United States scheduled for early September.

West German Hop Prospects Good

Despite an extended period of drought in August and above normal incidence of wilt and aphids, West German producers anticipate a record hop harvest this year. Although falling below preharvest expectations, the trade now places the 1973 crop at 73.7 million pounds, compared with last season's 66.9 million pounds. The area under hops again rose sharply by approximately 4,000 acres in 1973 to 49,497 acres.

In early September, contracts covered more than 57 million pounds of the new crop.

Germany Issues Import Tender for Canned Pears

West Germany has announced a tender allowing imports of canned pears from the United States and a number of other countries. Pears must be in containers holding less than 9.9 pounds each.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than March 28, 1974. Licenses issued will be valid until March 31, 1974.

Other Foreign Agriculture Publications

- The Summer Citrus Marketing Scene (FCF-3-73)
- World Flaxseed Supplies Tight in 1973-74 (FFO-15-73)
- Meal Import Growth in Major Markets Slackened in April-June (FFO-16-73)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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BELGIUM RANKS HIGH AMONG MARKETS FOR U.S. FARM PRODUCTS

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In addition, feeding and management practices are good.

Consumption of feedgrains and protein concentrates also has taken a sharp upturn during the past few years, partly due to feeding increased numbers of livestock, but more to intensive feeding practices and increased output per head.

During recent years, Belgium has imported about two-thirds of its feedgrains, nearly all of its oilcake and meal—except that produced domestically mostly from imported oilseeds—and substantial quantities of mill feeds and fishmeal. Since most of Belgium's livestock producers must buy a large part of their feed supplies, expenditures for feed accounted for over 48 percent of all farm costs in 1970.

Nearly all of the cattle in Belgium are dual-purpose. Very little grain is fed to cattle, however, some feeding of oilseed cake and meal is done. Fodder roots, hay, and pasture are the main feeds. In recent years, veal production has expanded considerably. Practically all calves are kept in confinement from birth to slaughter. Cattle feeding, similar to that done in the United States, is only now beginning.

The poultry sector ranks third in importance after cattle and hogs in meat production. Currently this sector has many relatively small operators and a rather inefficient marketing system. Strong competition exists in export markets, mostly from the Netherlands.

Within the EC, Belgium has the highest per capita consumption of eggs and butter; ranks second in the consumption of beef and veal, poultry meat, and milk; and third in the consumption of pork. However, compared with the United States, the Belgian diet—which is improving—is more heavily weighted with starches and fats and includes less meat, milk, eggs, and sugar.

Belgian agricultural production has benefited from EC support prices. However, its farm prices have been near those adopted for the EC, and the problems and consequences associated with sharp price adjustments have not been necessary. Generally, Belgian farm prices are substantially above the average U.S. farm prices.

European Apple Growth Pause Aids U.S. Exports

Continued from page 4

alleviate the likelihood of future EC surpluses.

The earlier of the two measures, adopted in 1966, was designed to cope with a current surplus by providing for withdrawal of goods from the market if and when their prices fell below a previously determined point. This was somewhat similar to the U.S. surplus removal program and involved not only apples but also peaches, pears, and a number of other fruits. Between 1967-68 and 1970-71, a grand total of slightly over 49 million bushels of pears, 36 million of apples, and 7 million of peaches were removed from the market through this program.

In 1969, the EC Council of Ministers launched a second program designed to deal with the surplus problem. In essence, it provided for a payment to growers for uprooting fruit trees. Because of the lack of initial signup, the uprooting payment was increased over time from about $200 to $325 per acre. The program was to be completed by April 1, 1973, but no announcement has yet been made of its results.

While this program is likely to bring the removal of marginal operators as well as varieties and types of trees that should have been removed long ago, the hard core of efficient producers and marketers remains.

Moreover, the recent enlargement of the European Community to embrace three new Member States—the United Kingdom, Ireland, and Denmark—undoubtedly is viewed by EC growers as a situation of renewed opportunity. And there is nothing in the picture to suggest that the Community will relinquish this opportunity.

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